

# Office of Attorney General Terry Goddard



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## Two from Anthem Indicted on Fraud, Theft Charges

(Phoenix, Ariz. – July 20, 2007) Attorney General Terry Goddard today announced the indictment of Lori Lee Spranger, aka Lori Moriarity, 37, and Michael Moriarity, 33, both of Anthem, on 14 counts of fraud, theft, securities fraud, sales of unregistered securities and transactions by unregistered dealers or salesmen.

According to the indictment, between 2004 and 2006, the defendants obtained some \$273,000 from investors to whom they sold securities in a debt collection company called Vector 90. Arizona law requires that securities of this type be registered, that securities salesmen be registered and that debt collection companies be licensed. The indictment alleges that defendants failed to inform investors that Vector 90 was not licensed, that the securities were not registered and that the defendants were not registered.

The defendants also failed to disclose that one of Spranger's prior debt collection companies ended in bankruptcy and that another ended with an Arizona Corporation Commission Order forbidding Spranger from operating an unlicensed debt collection company. The indictment further alleges that Spranger and Moriarity used most of the money invested in Vector 90 to pay for personal living expenses and that Vector 90 was not operated as an actual business.

The indictment alleges that after the Arizona Corporation Commission ordered the defendants and Vector 90 to temporarily cease and desist operations, the defendants raised another \$300,000 from new investors by selling unregistered securities in two other unlicensed debt collection companies, Universal Portfolio Systems, Inc. and Capital Collection Bureau. The indictment states that the defendants used most of the new investments to pay for personal living expenses.

In September 2006, the Arizona Corporation Commission issued a permanent cease and desist order to the defendants regarding the Vector 90 operation. The order included restitution of \$225,000, a fine of \$50,000 and a promise from defendants that they would not exercise control over any entity that sells securities until the restitution and fine are paid in full. The restitution and fine remain unpaid.

If convicted on two or more of the fraud and theft charges, each defendant faces a mandatory prison term of up to 23 years. They are scheduled to be arraigned in Maricopa County Superior Court on July 30. The indictment is the result of an investigation conducted by the Securities Division of the Arizona Corporation Commission. A copy is attached.

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